

Medicare+Choice payment and eligibility policy

ISSUE: New evidence and payment system changes prompt us to revisit payment and eligibility policies for Medicare+Choice.

KEY POINTS: The Commission believes that Medicare beneficiaries should have a choice of healthcare delivery systems from which to obtain the healthcare services covered under the Medicare benefit package. Some of the delivery systems employed by private plans have the potential to increase the quality and efficiency of health care services provided to Medicare beneficiaries.

Payment system changes and other factors discussed at the Commission's October meeting highlight the following issues:

- Because of the payment formula, Medicare pays 103 percent of FFS in M+C base rates;
- Because of risk adjustment being phased in and decisions about the budget neutrality of this change, CMS estimates that Medicare pays another 16 percent above FFS due to risk differences between M+C enrollees and the FFS program;
- The new risk adjuster for end-stage renal disease is a better predictor of Medicare costs
- M+C is a sector where quality measures are well established and quality incentives might be pursued.

ACTION: Commissioners will discuss the findings in the chapter and potential recommendations for Medicare+Choice payment and eligibility policy.

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